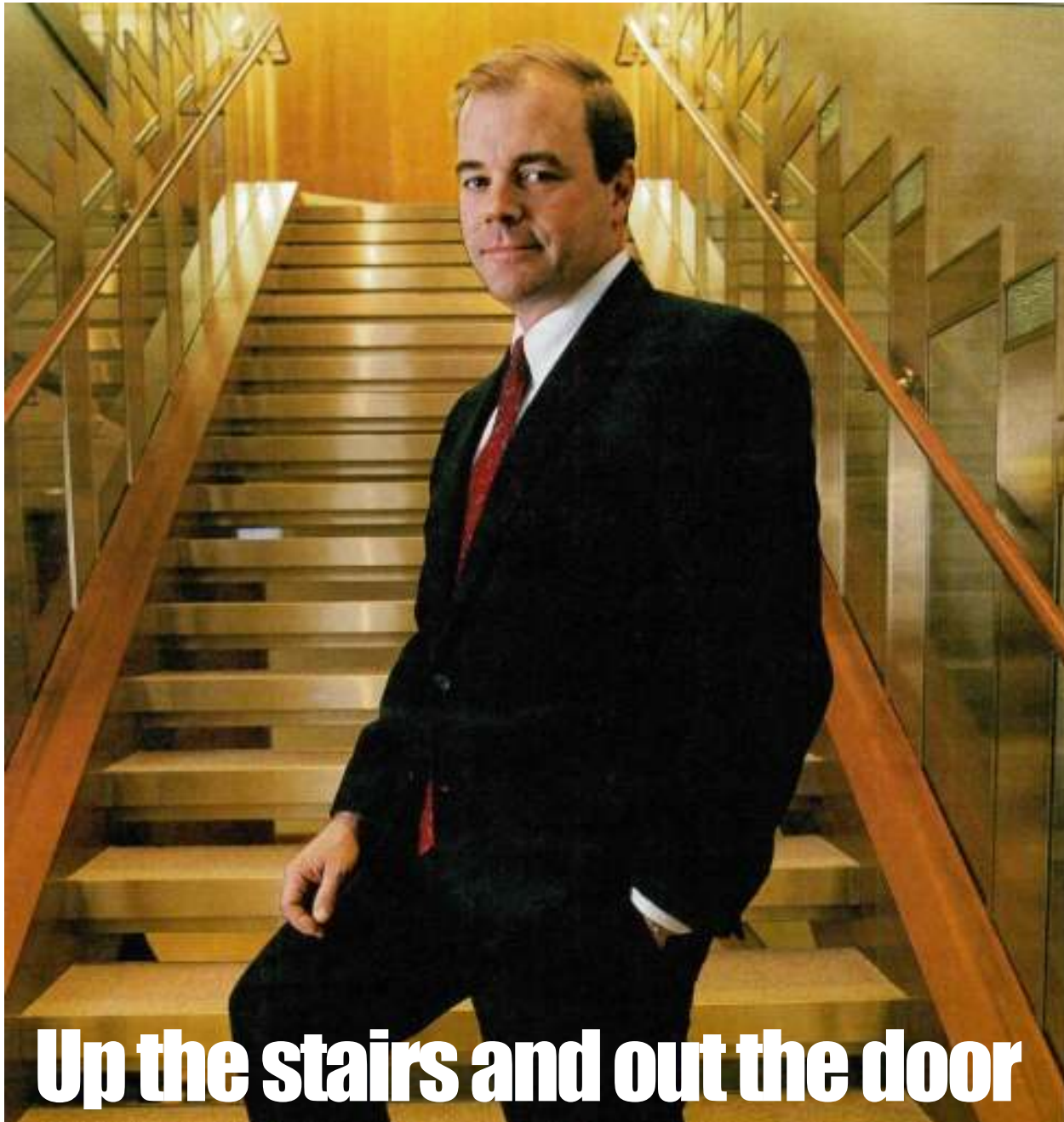


The
Power
IP
Update
2011

Ted Budd & Mindy Sooter



**Where's
David?**



Up the stairs and out the door

2011

THE MINNESOTA INTELLECTUAL PROPERTY INSTITUTE
MINNESOTA CONTINUING LEGAL EDUCATION

the
IP
book

9th edition

editors | Stephen R. Baird | David J.F. Gross | Calvin L. Litsey

The IP Book 2011

- Supreme Court and Federal Circuit Review
- Presumption of Validity
- Patent Remedies
- Patent Reissue
- Divided Patent Infringement
- False Patent Marking
- Copyright Highlights
- Trade Secret Developments
- Top 10 Trademark Cases
- Top 10 TTAB Decisions
- Top 10 UDRP Decisions
- Keyword Advertising
- Social Media



THE
Amazing
Authors



A 2011
Year
of **CHANGE**





Patent False Marking



Patent False Marking

2009 and 2010 – The Best of Times

Forest Group v. Bon Tool (per article damages!!)

Stauffer v. Brooks Brothers (“any person” can sue!!)

In re BP Lubricants (Rule 9(b) applies)

Unique Product Solutions v. Hy-Grade Valve (Take
Care Clause)





**PEDESTRIAN
SAFETY
ENHANCEMENT
ACT**

MINIMUM SOUND REQUIREMENTS FOR MOTOR VEHICLES



Most Patent False Marking Cases Are DOA...



For more information see Chapter 6



Copyright Troll Suits



Last Year

RIGHTHAVEN™

THE NATION'S
PRE-EMINENT
COPYRIGHT
ENFORCER

For more information see Chapter 7

Righthaven Copyright Suits

276 lawsuits / Many Quick Settlements

The image displays a large, overlapping grid of legal documents, representing 276 lawsuits. Each document is a page from a lawsuit, with visible text including case numbers (e.g., Case 1:11-cv-00338-PAB), court names (e.g., IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLORADO), and sections like 'COMPLAINT AND DEMAND FOR JURY TRIAL'. The documents are arranged in a dense, overlapping pattern, suggesting a large volume of similar legal filings.

This Year

Fair use defenses

Standing issues

Attorneys Fees

For more information see Chapter 7¹⁸

The 25% Rule

25% Rule = 100% Gone

Uniloc v. Microsoft

“fundamentally flawed tool”

“inadmissable”

For more information see Chapter 3



**Large,
Multi-Defendant
Patent Cases**



Thursday: Joinder

54 New Patent Cases

804 Defendants

Average of 16 Defendants per Case

For more information see Chapter 6

Friday: Dis-Joinder



[A]ccused infringers may not be joined in one action as defendants or counterclaim defendants, or have their actions consolidated for trial, based solely on allegations that they each have infringed the patent or patents in suit.

For more information see Chapter 6

Challenging the Presumption of Validity



Microsoft v. i4i

Presumption of validity requires all
invalidity defenses to be proven by
clear and convincing evidence

For more information see Chapter 2²⁵



Corporate Shred Days



Rambus

- Formulated a careful litigation strategy
- Instituted document retention/destruction policies to get “battle ready”
- Held Corporate “shred days”
- Destroyed emails, tapes, and paper documents
- Kept “helpful” documents

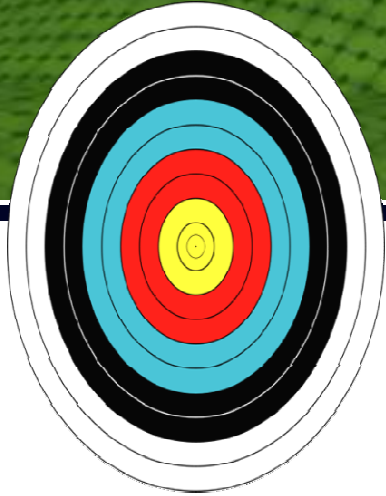


Rambus

District Court Split:

- One court did not impose sanctions; **Rambus won**
- One court imposed sanctions and ruled that **12 patents were unenforceable**





Rambus



Federal Circuit said:

- When all that's left is to pull the trigger, litigation is “reasonably foreseeable”
- Litigation is “reasonably foreseeable” even if some contingencies remain – ***especially for plaintiffs***

For more information see Chapter 1²⁹



Inequitable Conduct Defense





Therasense v. Becton, Dickinson

Standards for Materiality and Deceptive Intent Increased

For more information see Chapter ³¹ 1

1st Sale Doctrine

First Sale Doctrine Doesn't Apply to

Foreign Sales

Costco Wholesale Corp. v. Omega S.A. (per curiam)

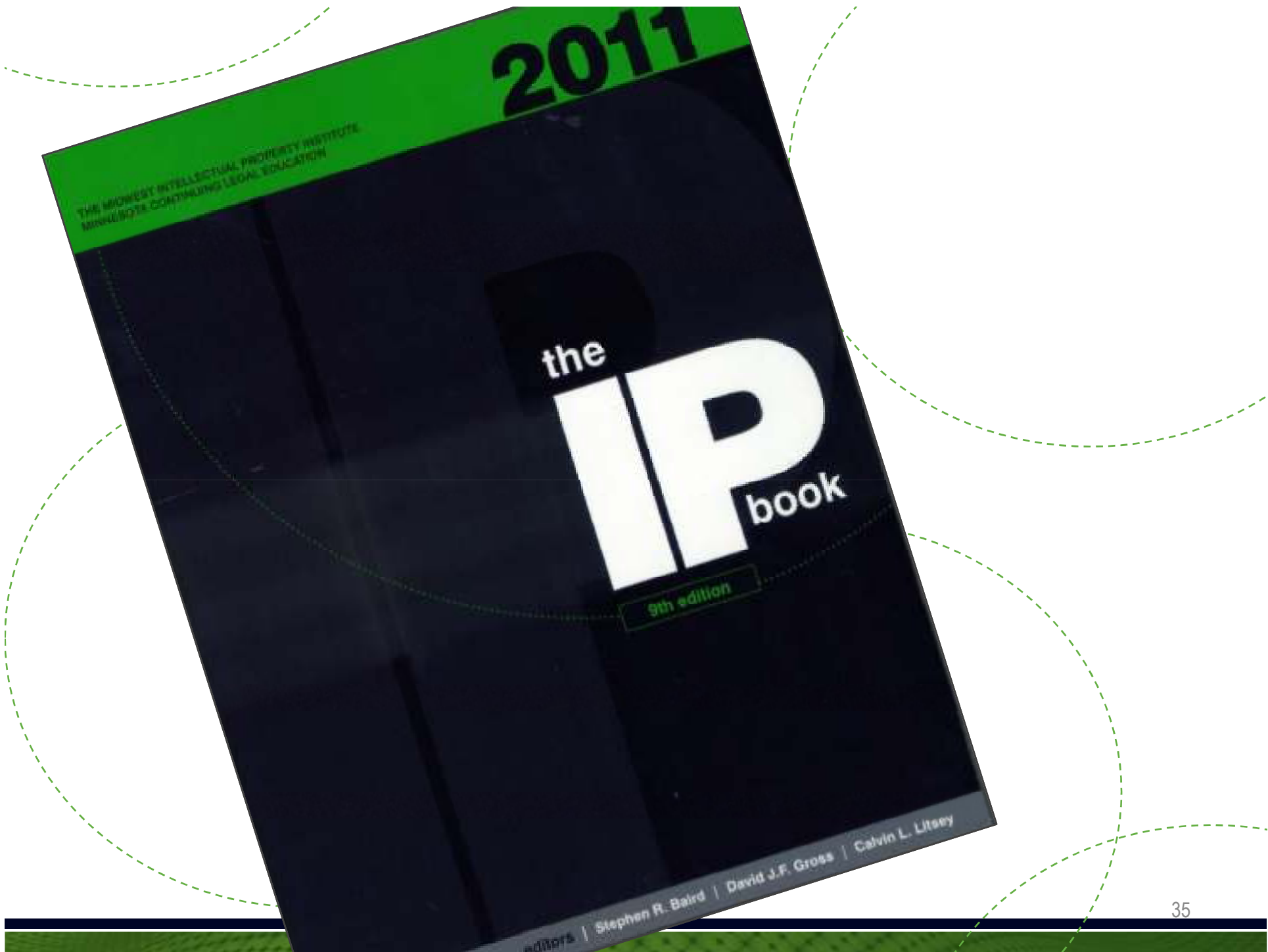
Software Licenses

Vernor v. Autodesk

For more information see Chapter 7

A vibrant, colorful night scene of a celebration, likely a New Year's Eve party. The image is filled with falling confetti in various colors (red, green, blue, yellow) and bright, multi-colored lights. The overall atmosphere is festive and energetic. The text is overlaid on this background.

2011
AN EXCITING
Year for IP Lawyers



Funai Electric v. Daewoo Electronics



For more information see Chapter 3

Outcome

3 patents not infringed

3 patents willfully infringed

Question

**Was Funai entitled to
“enhanced” damages?**

35 U.S.C. § 284

ANIMAL FARM



**No animal shall
wear clothes**





**No animal shall
sleep in a bed**



**No animal shall
drink alcohol**



Most Important Rule....

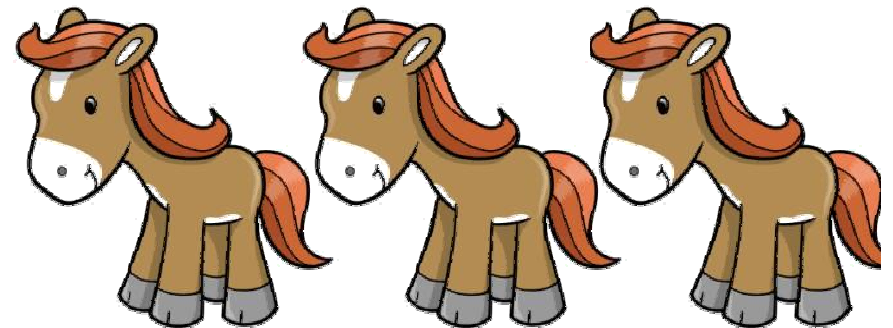
All animals are equal



Revised

Most Important Rule

**All Animals Are Equal,
*BUT Some Animals Are More
Equal Than Others!***



IP Farm “Rules”

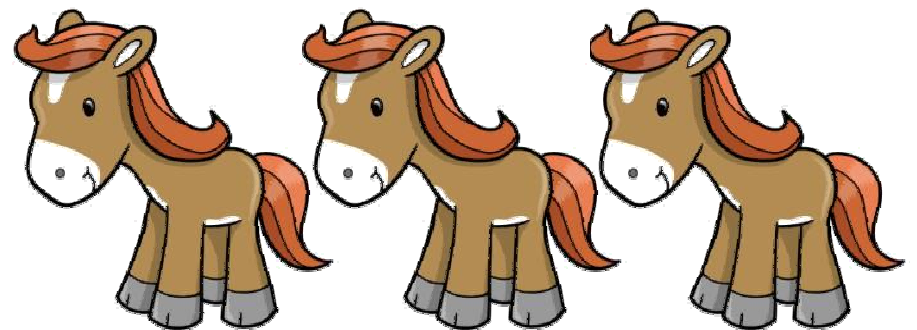
All Infringement Is Equal

Revised IP Farm “Rules”

**Literal
Infringement**



**Doctrine of
Equivalents**



Nine Factors to Consider for Enhanced Damages

Read Corp. v. Portec, Inc.





Deliberate Copying?

Yes

Deliberate Copying? Yes

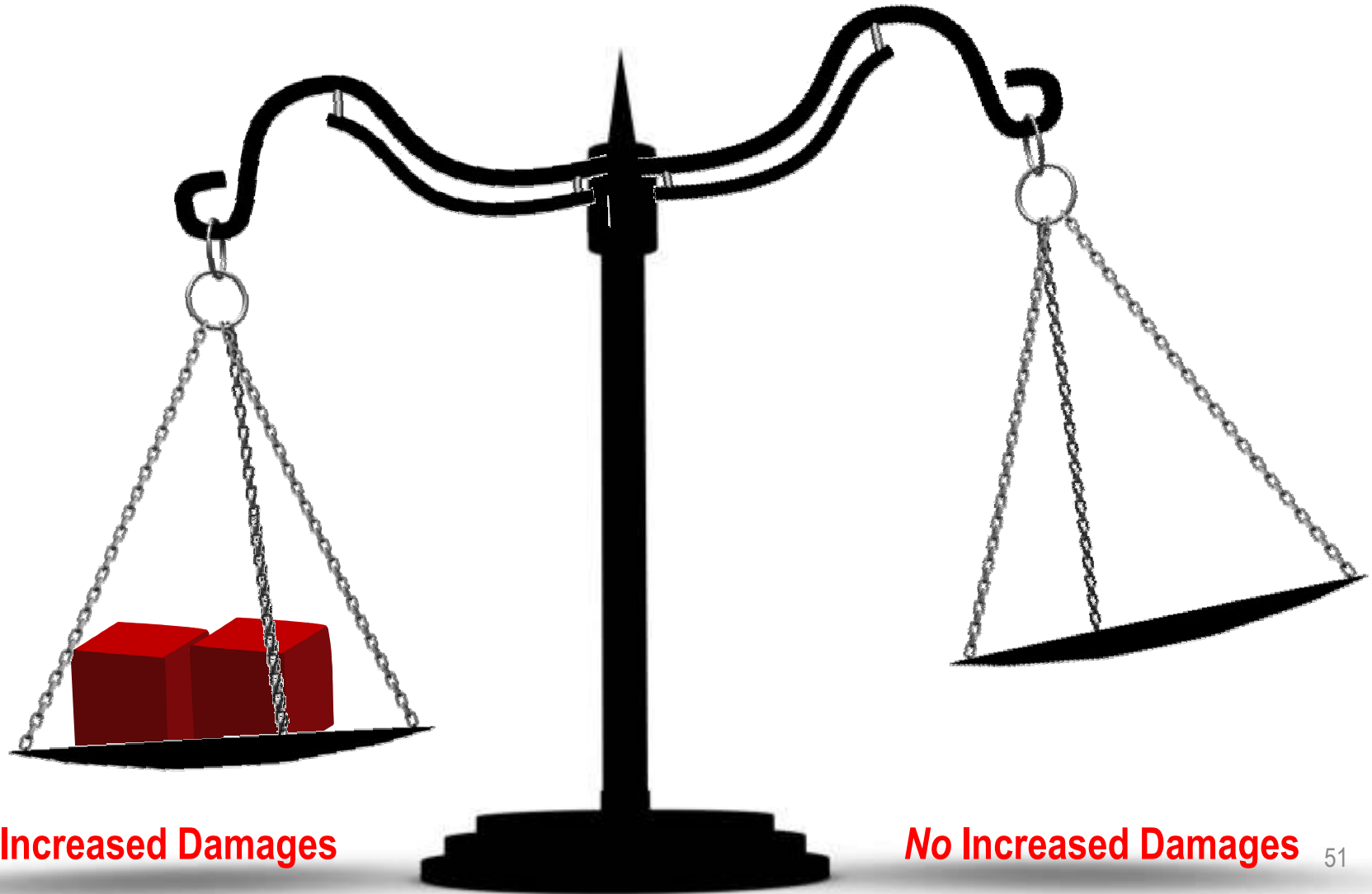




Good faith investigation?

No

Good Faith Investigation? No



Increased Damages

No Increased Damages



Remedial Action?

No

Remedial Action? No

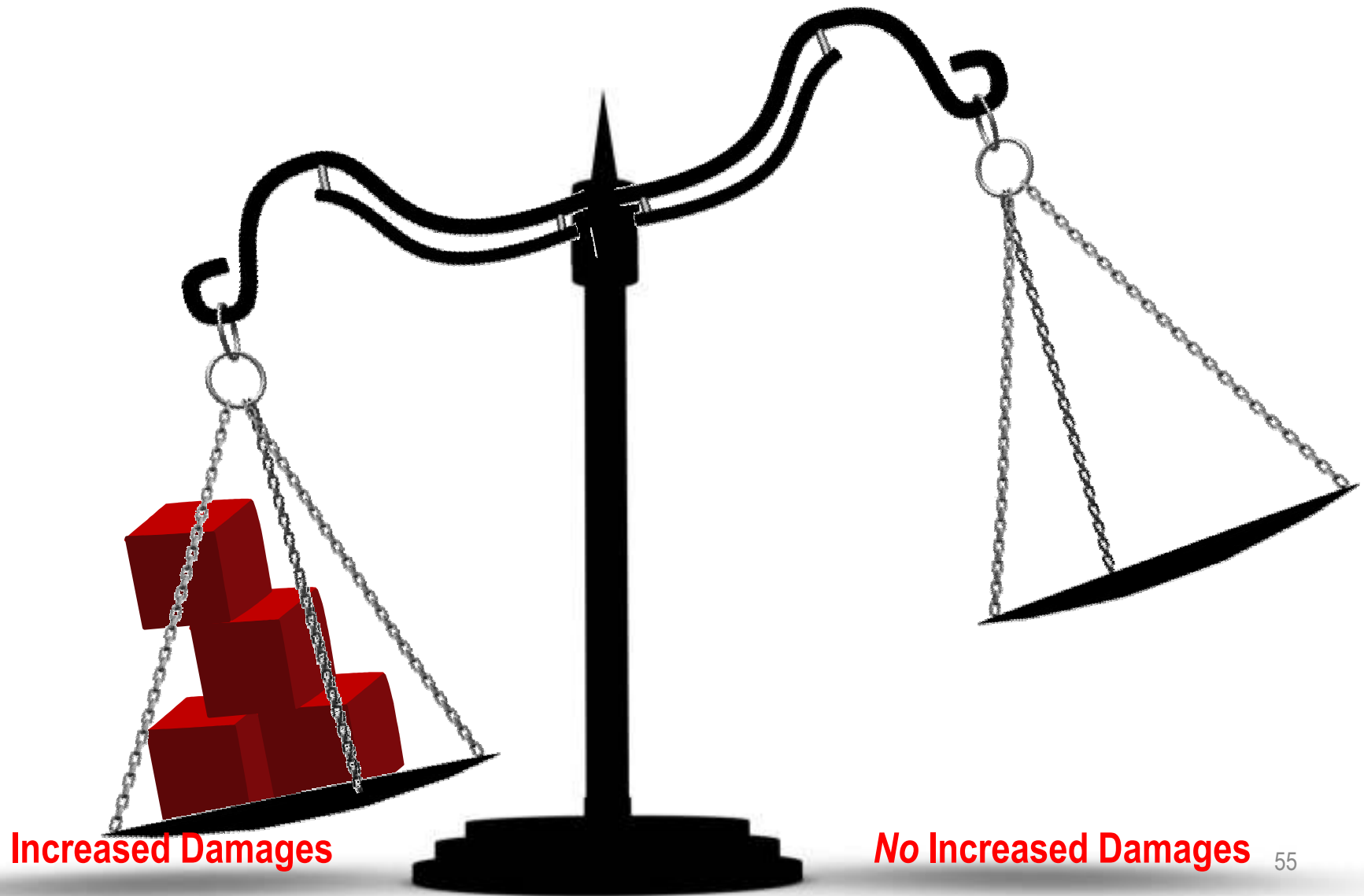




Motivation for harm?

Yes

Motivation for Harm? Yes





Bad Litigation Behavior?

Yes

Attempts to Conceal Info?

Yes

Infringer's Litigation Behavior? Bad Attempts to Conceal? Yes



Was the Case “Close”?

Yes



Not infringed



Not infringed



Not infringed



Infringed



Infringed - DOE



Infringed - DOE

“Closeness” Tipped the Scale

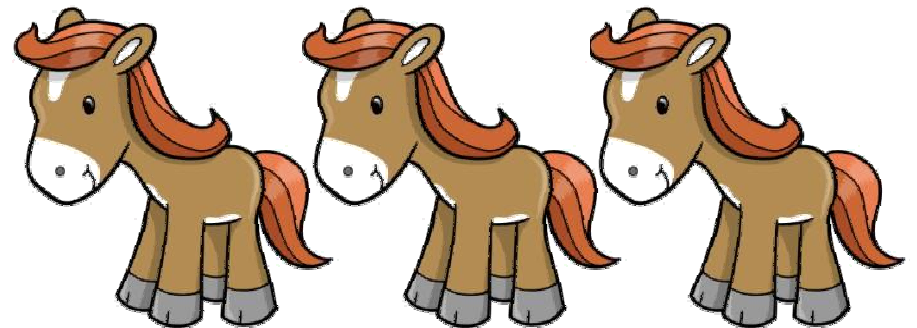


Revised IP Farm “Rules”

**Literal
Infringement**



**Doctrine of
Equivalents**



Barbie™

BRATZ



VS



WHO OWNS *Barbie* BRATZ?



Barbie Wins!

- MGA infringed Mattel's copyrights
- Imposed constructive trust transferring Bratz trademark portfolio to Mattel
- Injunction prohibiting MGA from marketing virtually every Bratz doll
- \$ 100 Million



Bratz are Now Trust Fund Kids





Reversed



9th Circuit Reversed Everything



District Court Error

Employment Agreement Did Not Clearly Cover “Ideas”

“the term ‘inventions’ includes, but is not limited to, all discoveries, improvements, processes, developments, designs, know-how, data computer programs and formulae, whether patentable or unpatentable”

District Court Error

Employment Agreement Unclear About Time

“created at any time during my employment”

District Court Error

***Scope of Copyright Protection and
Infringement Analysis Were Wrong***

Second Jury Trial

\$ 88.4 Million





**Barclays Capital
v.
theflyonthewall.com**

Barclays Capital v. theflyonthewall.com



LEHMAN BROTHERS



Morgan Stanley

Barclays Capital v. theflyonthewall.com

Example Recommendation:

*“EQIX: Equinox initiated with a Buy at BofA/Merrill.
Target \$110”*

Barclays Capital v. theflyonthewall.com

“Your daily buzz from the street”



**Posts “breaking analyst comments,”
“consistently beating the news
wires.”**

**“Having a membership with the Fly
is like having a seat at Wall Street's
best houses and learning what they
know when they know it.”**

Barclays Capital v. theflyonthewall.com



**\$240 to \$480
per subscriber per year**

Barclays Capital v. theflyonthewall.com

Copyright Claims



Damages:

\$12,750

+ interest

+ fees

Misappropriation Claim



Preempted?

Barclays Capital v. theflyonthewall.com

“Hot News” Misappropriation Claim survives copyright preemption if:

- 1) The factual information is highly time-sensitive;**
- 2) The defendant is free-riding on the plaintiff; and**
- 3) The defendant’s product threatens the very existence of the plaintiff’s product**

Barclays Capital v. theflyonthewall.com

Copyright Claims



Damages:

\$12,750

+ interest

+ fees

Misappropriation Claim



Preempted!

Barclays Capital v. theflyonthewall.com

The Fly was reporting the *fact* of the plaintiffs' recommendations.

The Fly ascribed the material to the creator firm.

This is just like “report[ing] on, say, winners of Tony Awards, or indeed, scores of NBA games”

That is *not* “free riding”

Barclays Capital v. theflyonthewall.com



**Misappropriation
Claims**

**Copyright
Claims**

Very factual analysis!

New on



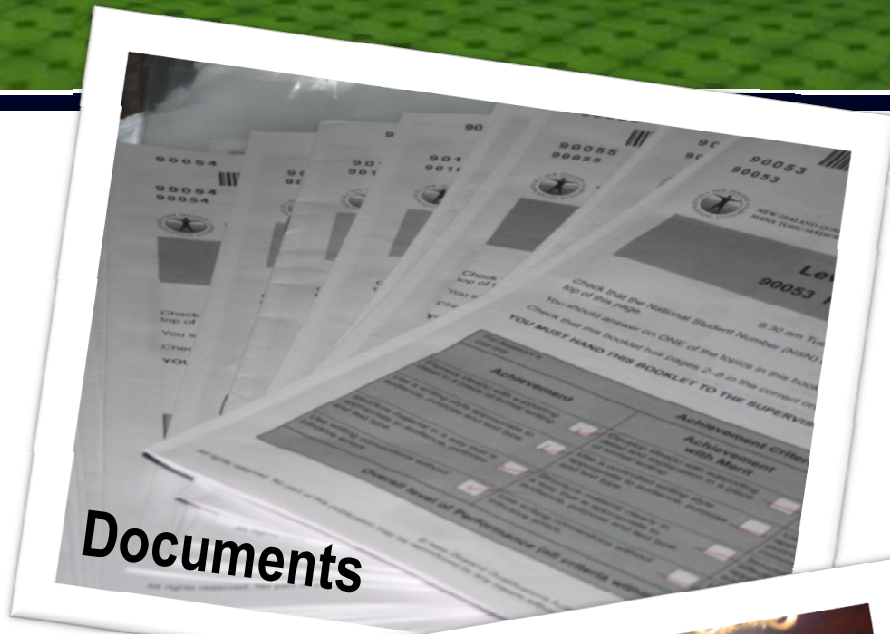
NBC

THIS FALL

LAW AND ORDER: TSM



Trade Secret Litigation



Documents



Demonstratives



Trial



Smoking Gun





Ex-Goldman Worker Pleads for Mercy in IP Theft Case

By **Shawn Heinrich**
Lanham, Md. (March 08, 2011, 6:25 PM ET) — A former Goldman Sachs Group Inc. employee convicted of stealing source code asked a New York federal court for leniency Monday, saying his crime did not warrant a prison term.

Former Goldman programmer Sergey Aleynikov is a hardworking man and devoted father and son whose life has unraveled due to a lapse in judgment, according to a 30-page memorandum of sentencing considerations filed in the U.S. District Court for the Southern District of New York.

Aleynikov was convicted in December of trade secrets theft and interstate transportation of stolen property. The U.S. Department of Justice accused Aleynikov of stealing a confidential high-frequency trading code from Goldman Sachs to benefit his new employer, Teza Technologies LLC.

The DOJ is seeking a maximum sentence of 15 years in prison, but Aleynikov's attorneys said that sentence would radically overstate the criminality of his conduct and asked the court to consider a probationary sentence.

While the crimes for which Aleynikov was convicted are undoubtedly serious, he was not found to have caused or extended pecuniary harm to Goldman, the memorandum said.

The memorandum compared Aleynikov's case with that of Samarth Agrawal, a former Societe Generale SA trader who in February received 30 months in prison for stealing code for a high-frequency trading program for use in a new job.

Agrawal allegedly stole the code to replicate the strategy at his new job and negotiated to be paid a percentage of the profits earned by employing Societe's strategy, the memorandum said.

But in Aleynikov's case, the jury could have found at most that the defendant took source code that would enable Teza to get its trading platform up and running more quickly, the memorandum said. There is no evidence that Teza would compete with Goldman or that Aleynikov would have been consulted regarding the strategy, Teza would employ, the memorandum said.

His offense did not reflect greed or an intention to cause pecuniary harm, according to the memorandum. "Aleynikov was responsible for making, and was able to make, systems run fast. He was neither a trader nor a quant," the memorandum said.

Aleynikov has already suffered as a result of his conduct; he has lost his job and reputation, his wife is divorcing him, and he now sees his three daughters infrequently, the memorandum said.

The memorandum included 24 letters from his mother, brother-in-law, friends, former co-workers and the Rector of the Russian Orthodox Church in Brooklyn, N.Y.

The letters described a 20-year-old of modest means who in 1990 emigrated from Moscow to the U.S. with \$300 in his pocket. Aleynikov worked full-time while attending Rutgers University, eventually obtaining a master's degree in biomedical engineering, and was president of Rutgers' batroom dancing club, according to the memorandum.

Rev. Vadim Artyev, rector of the Russian Orthodox Church of The Mother of God, wrote in a letter to Judge Denise L. Cole that he first met Aleynikov when they were both students at Rutgers. Artyev recalled that when he lost his teaching assistant job at the university, Aleynikov "didn't try to console me with heartless banalities that only make one feel worse." Instead, Aleynikov took him roller skating to forget his miseries, according to the letter.

He also wrote that Aleynikov had generously contributed to the St. John House for the Homeless, which Artyev heads, without bragging about his charitable works.

His neighbor, a New Jersey cardiologist, described Aleynikov as a modest dresser who lived within his means, and recalled the time when a blizzard dumped two feet of snow and Aleynikov offered to clean his driveway.

Other friends describe Aleynikov as a devoted father to his three children, ages 7, 5 and 2. He could often be found, one friend wrote, teaching math and astronomy in children's camps.

Aleynikov, 40, faces a maximum sentence of 15 years in prison, according to the U.S. attorney's office. His sentencing is scheduled for March 15.

Aleynikov is represented by Kevin H. Maino and John David Tortorella of Maino Tortorella & Boyle PC.

The case is USA v. Aleynikov, case number 1:10-cr-00090, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Ian Thoms and Christie Smythe, editing by Greg Ryan.

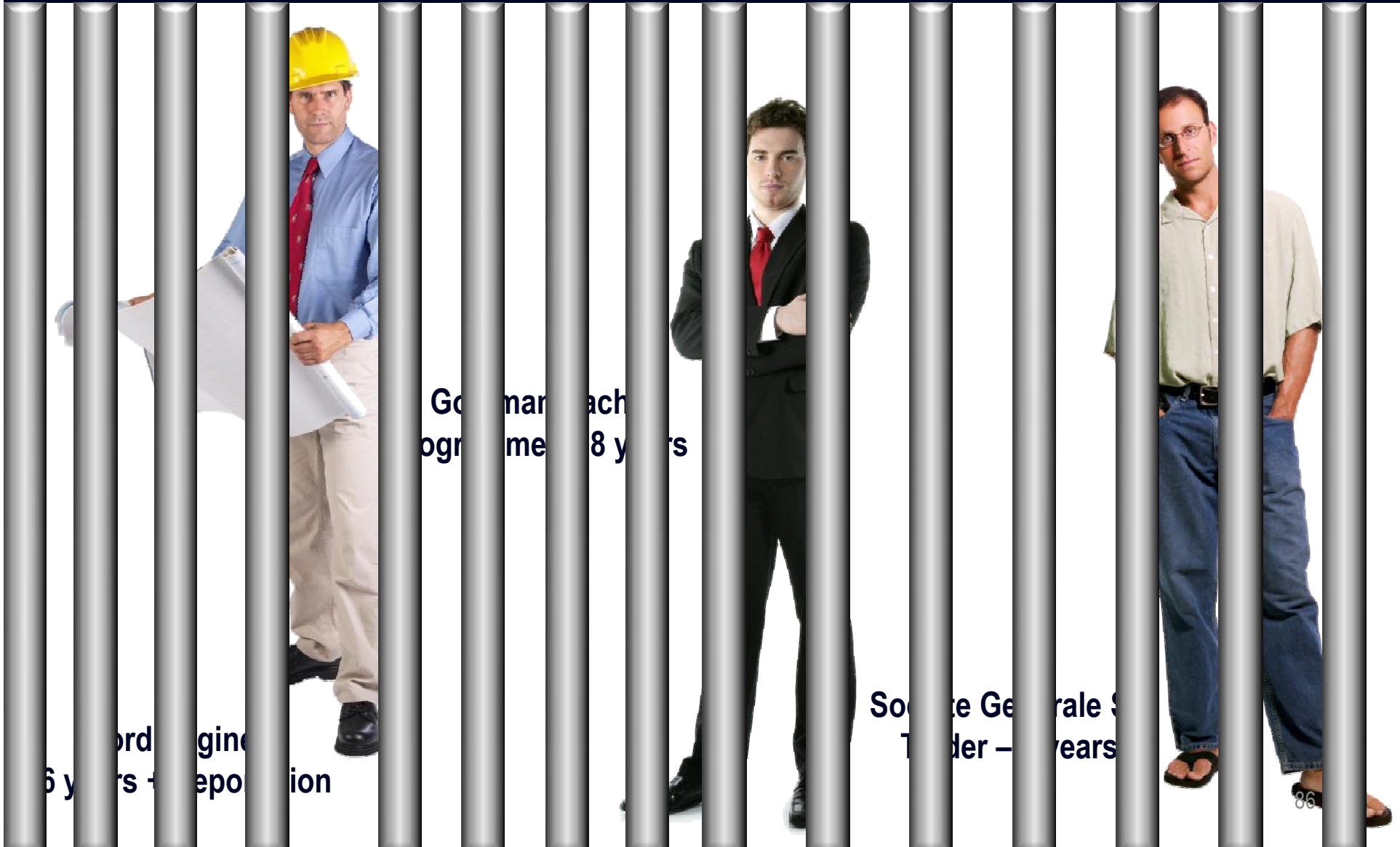
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Steal Source Code = Go To Prison



6 years - reposition

Germany
8 years

Source Code
7 years



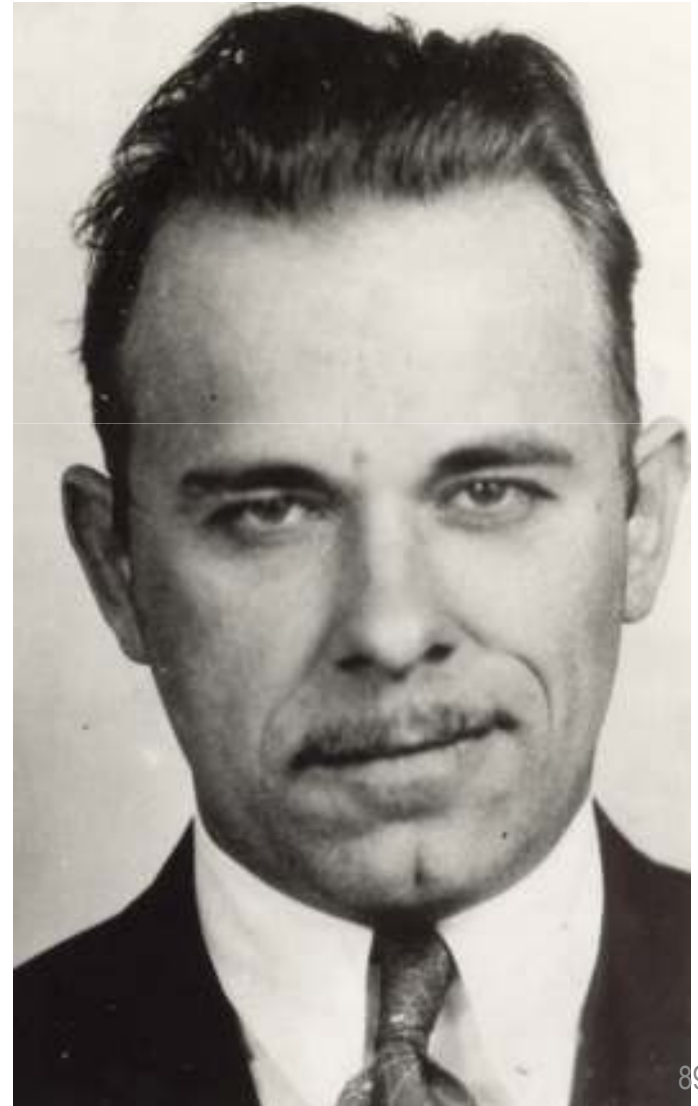
The image features a composite background of a man in a dark suit, white shirt, and patterned tie, wearing a fedora hat. The man's face is partially obscured by the large, bold, gold-colored text 'PUBLIC ENEMIES'. The text is arranged in two lines: 'PUBLIC' on the top line and 'ENEMIES' on the bottom line. The letters are thick and have a slightly textured, metallic appearance. The background image is a close-up of the man's face, showing his eyes and the brim of the hat. The overall color palette is dark, with the gold text providing a strong contrast.

PUBLIC ENEMIES

WWW.ENTERTAINMENTWALLPAPER.COM

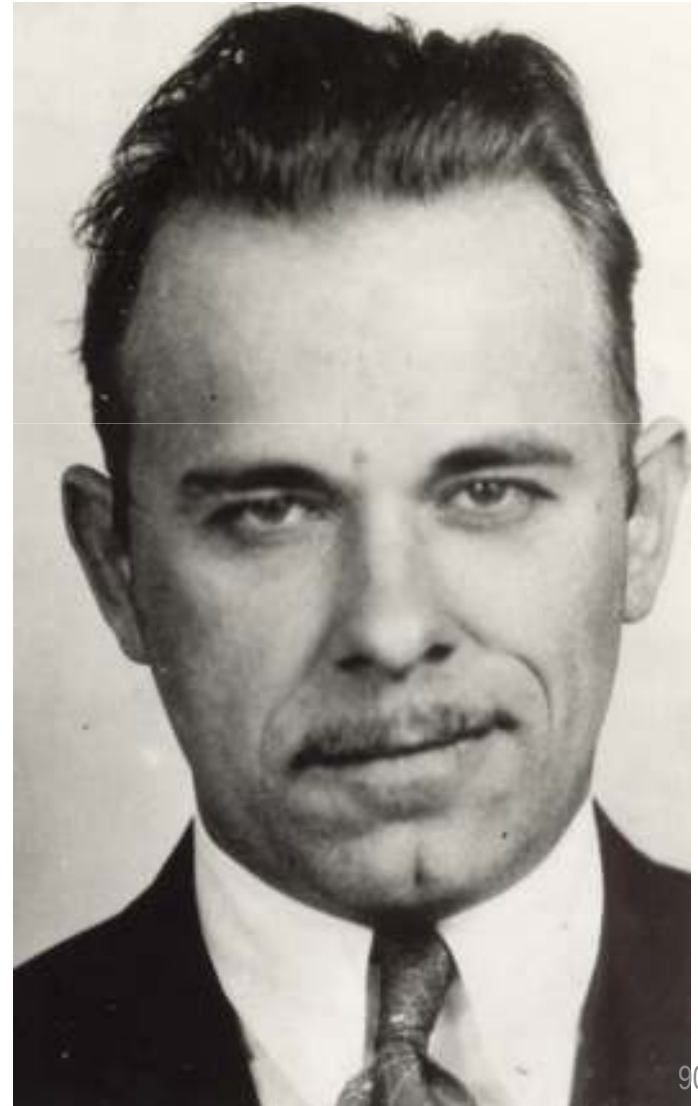
3 Things You Might Not Know About Dillinger

1. Dillinger was killed outside the Chicago Biograph Theater after seeing a gangster film
2. Dillinger once escaped from prison using a wooden gun
3. Dillinger lived under an alias in St. Paul near Lexington and Grand Avenues



1 More Thing You Might Not Know About Dillinger

**He Doesn't
Like People
Using His
Name
Without
Permission**



Godfather Video Games



“Dillinger” Tommy Guns



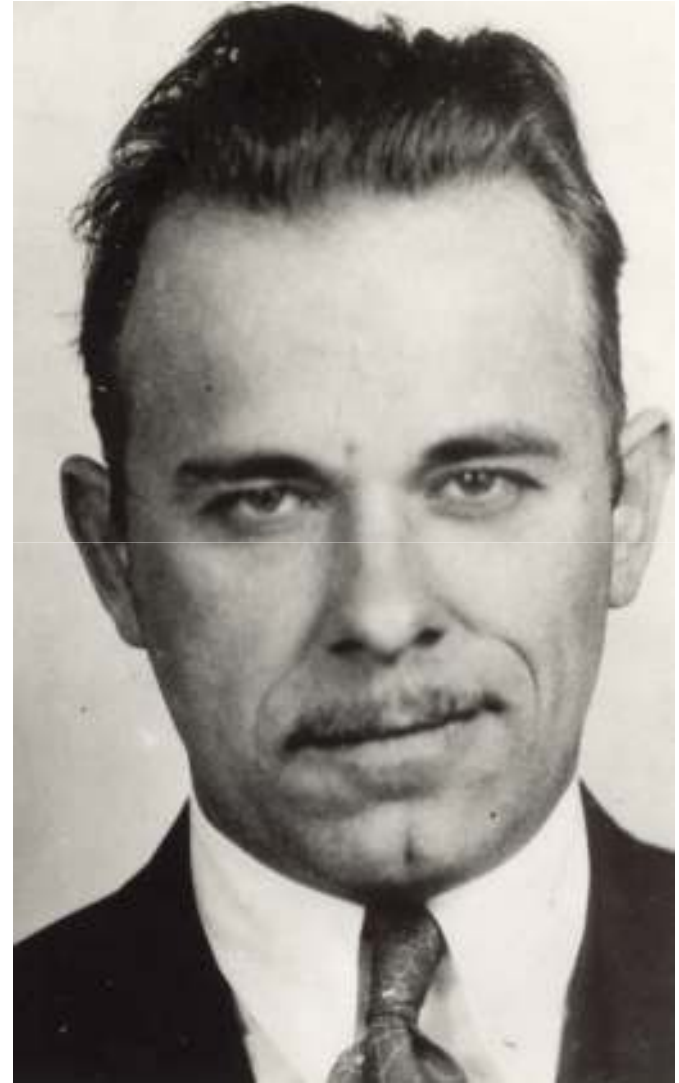
EA's First Amendment Defense

**Prove that use of
Dillinger was “related”
in some way to the
“content of the
expressive work”**

EA's Burden

The level of artistic relevance to the underlying work must be above zero

“The gentleman-bandit, commonly known for his public persona as a ‘flashy gangster who dressed well, womanized, drove around in fast cars, and sprayed Tommy Guns’ has above-zero relevance to a game whose premise enables players to act like members of the mafia and spray Tommy Guns”



In re Richard M. Hoefflin



Proposed Marks for Registration

**“Obama Bahama
Pajamas”**

“Obama Pajama”

Section 2(c) of Trademark Act

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it . . .

- (c) **Consists of or comprises a name**, portrait, or signature **identifying a particular living individual except by his written consent**, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, if any except by written consent of the widow

Argument #1: I didn't mean *that* Barack Obama



He Actually Argued This...

“Barack” and “Obama” do not represent any particular individual, and certainly not “the United States President Barack Hussein Obama II”

Argument #2: No Connection Between the President and Jammies

- “While lesser-known figures may have to show that the consuming public connects them with [certain goods], **well-known individuals** such as celebrities and world-famous political figures **are entitled to the protection** of Section 2(c) **without having evidence a connection** with the involved goods or services”
- “The Trademark Examining Attorney has done an excellent job marshalling a variety of press excerpts to demonstrate the obvious – namely, that President Barack Obama is extremely well known”

The
Power
IP
Update
2011

Ted Budd & Mindy Sooter